



FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)
FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA)
APPEAL DECISION

FEMA Flood Insurance Appeal Decision #C35

OVERVIEW

The policyholder filed an appeal on May 2020, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied part of their claim under the Standard Flood Insurance Policy (SFIP)¹ for damages to covered property arising from a flood event dated September 2019.²

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholder had \$250,000 in building coverage and \$100,000 in personal property coverage.
- Following the flood loss, the policyholder filed a claim with the insurer and the insurer assigned an adjuster to inspect the property.
- On September 2019, the adjuster inspected the property and noted a six-inch waterline on the building’s exterior and a three-inch waterline on the building’s interior.
- The adjuster noted the damage was limited to six rooms with ceramic or marble flooring. The adjuster prepared an estimate for the cleaning and re-grouting of the floors, replacement of trim, paneling, baseboards, drywall, electrical outlets, mitigation, and personal property.
- The insurer issued the policyholder payment totaling \$69,672.21 for building damage and \$84,737.65 for personal property damage.
- The policyholder made a request for additional payment, noting that after the completion of mitigation, there was a foul odor in the piano room. The policyholder’s contractor removed floor tiles and found stains in the grout and tile surface. The policyholder’s contract found additional staining on the concrete slab. The adjuster recommended the insurer retain an engineer to inspect and determine the cause of the staining and residue.
- On January 2020, the engineer inspected the property and documented a whitish, crystalline substance in the grout between multiple floor tiles in the piano room. The engineer determined that the substance was efflorescence; a buildup of salts after moisture reaches the surface of a material and evaporates. The engineer concluded the tile floors were not damaged and the efflorescence could be cleaned.

¹ See 44 C.F.R. § 61.13 (2018); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

² The policyholder files this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholder’s claim. The policyholder’s appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

- On March 2020, the adjuster reported the policyholder obtained the services of an environmental company. The environmental company confirmed the presence of mold in two rooms.
- In a letter dated March 2020, the insurer denied coverage for mold, mildew, and moisture citing the exclusion in the SFIP.
- The policyholder appealed the denial stating they completed mitigation post-flood in a timely fashion and the resulting mold under the tiles was beyond their control.
- In support of their appeal, the policyholder included the adjuster's estimate, lab report, and photographs. Because this information did not respond to the insurer's reason for denial, FEMA's decision is based on the documentation in the claim file.

RULES

The insurer agrees to pay the policyholder for direct physical loss by or from flood to covered property, provided the policyholder complies with all terms and conditions of the SFIP.³

The SFIP excludes coverage for direct physical loss caused by water, moisture, mildew, or mold damage that results primarily from any condition substantially confined to the dwelling; or that is within the policyholder's control even if directly caused by flood, including but not limited to design structural, or mechanical defects; failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; or failure to inspect and maintain the property after a flood recedes.⁴

ANALYSIS

On appeal, the policyholder contests the denial of mold, mildew, and moisture.

The insurer agrees to pay the policyholder for direct physical loss by or from flood to covered property. Here, the adjuster noted the flooring was not damaged by or from flood as floodwaters will not cause the adhesive properties within thin-set mortar or cementitious grout to delaminate or de-bond from a concrete slab or individual ceramic tiles. De-bonding can occur if certain factors unrelated to floodwater inundation exist, such as the lack of expansion joints around woodwork or within floor areas exposed to higher levels of humidity, sunlight, or heat. Other factors that contribute to de-bonding are excess moisture in the concrete slab, or an unclean surface at the time of installation, a poor mortar or grout mixture, or the application of semi-dried thin-set mortar. The engineer inspected the property and determined that the tiles did not suffer from de-bonding but noted that the weeping of moisture through the tile resulted in efflorescence or residue on the floors. FEMA's review finds the insurer correctly omitted replacement of the flooring in their estimate because there was no evidence of direct damage by or from flood.

The SFIP excludes coverage for direct physical loss caused by water, moisture, mildew, or mold damage that results primarily from any condition substantially confined to the dwelling; or that is within the policyholder's control even if directly caused by flood. Here, the engineer found no mold or mildew during the inspection and that residue found on the tiles were efflorescence. The efflorescence resulted

³ See SFIP (I), (II)(B)(12).

⁴ See SFIP (V)(D)(4).

from groundwater wicking up through the slab and leaving behind salt or mineral deposits after evaporating. Efflorescence is non-toxic and can be cleaned. The stained grout was addressed in the adjuster's estimate, which included cleaning, drying, recoloring or staining, and the application of an antimicrobial agent. Per the engineer's report, the tiles were installed in a thin-set mortar on top of a concrete slab with cementitious grout and created a flood-damage resistant floor. Therefore, the tiles were not damaged by or from the flood event. If mold was found five months after the flood event, the SFIP does not provide mold damage coverage, even if directly or indirectly caused by a flood. FEMA's review finds the insurer correctly denied coverage for mold, mildew or moisture.

CONCLUSION

Based on the facts and analysis above, FEMA concurs with the insurer's decision to deny coverage for mold, mildew, or moisture.